

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of State Police  
Two Years Ended June 30, 2004

622 Stratton Office Building  
Springfield, Illinois 62706  
217/782-7097

**REVIEW: 4226**  
**DEPARTMENT OF STATE POLICE**  
**TWO YEARS ENDED JUNE 30, 2004**

**FINDINGS/RECOMMENDATIONS - 11**

**ACCEPTED - 4**  
**IMPLEMENTED - 7**

**REPEATED RECOMMENDATIONS - 2**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 3**

This review summarizes the auditors' report of the Department of State Police for the year ended June 30, 2004, filed with the Legislative Audit Commission March 10, 2005. The auditors conducted a compliance examination in accordance with State law and *Government Auditing Standards*.

The Department of State Police was officially created in 1922. In order to fulfill its responsibility, the Department has been vested with various powers, rights and duties. The Department functions include protecting life and property, enforcing both criminal laws and motor vehicle safety laws, responding to emergencies and disasters and providing a myriad of diverse specialized services to both the public and the criminal justice community. The Department is divided into four divisions: Operations, Forensic Services, Administration and Internal Investigation, and one command: Information & Technology.

The Division of Operations is comprised of a network of 21 district headquarters which all work together to provide comprehensive law enforcement services. The Division of Operations' uniformed officers also perform specialty functions. Specially trained canine units, tactical response teams and underwater search and recovery teams may be called to aid in a wide range of emergencies or investigations. The Department also operates its own aircraft to search for missing persons, recover fugitives, spot illicitly grown marijuana, and help enforce traffic laws. The Department has nine forensic laboratories throughout the State. The Information and Technology Command was established in 2001 to provide a single source to address the Department's information needs—information technology, data collection and analysis, information sharing, and knowledge development.

Mr. Sam Nolen was the Director during the first eight months of the audit period. Mr. Larry Trent is the Director of the Department currently, and has held that position since March 24, 2003. Mr. Trent served with the State Police from 1971 until his retirement in 1993. He progressed through the ranks from cadet to Captain and Acting Area IV Commander.

The following presents the average number of employees by position for the fiscal years ended June 30:

**REVIEW: 4226**

	<b>FY04</b>	<b>FY03</b>	<b>FY02</b>
Division of Operations	1,859	1,928	2,346
Division of Forensic Services	498	506	532
Division of Administration	386	415	471
Division of Internal Investigation	59	59	66
Human Resource Command	0	0	84
Information & Technology Command	177	207	241
Director's Office	42	84	0
Special Funds	278	283	0
<b>TOTAL</b>	<b>3,299</b>	<b>3,482</b>	<b>3,740</b>

The Human Resource Command was combined with the Division of Administration and the Director's Office starting in FY03.

The following table presents a comparison of activities and performance for the fiscal years ended June 30:

	<b>FY04</b>	<b>FY03</b>	<b>FY02</b>
Number of Impaired Driving Citations	9,128	9,258	9,058
Number of Seatbelt Citations	135,773	89,616	87,477
Number of Speeding Citations	150,828	199,147	191,929
Number of Criminal Arrests from investigations	5,329	5,401	5,691
Number of Investigative Cases Referred to prosecution	2,643	2,698	2,944
Number of Crime Scene Cases Responded to Within One Hour	2,016	2,506	2,497
Number of Crime Scenes Processed	4,198	4,289	4,846
Number of DNA Cases Worked	2,812	2,253	2,703
Number of Forensic Cases Worked	110,863	107,947	109,648

### **Expenditures From Appropriations**

Appendix A presents a summary of expenditures for FY04, FY03 and FY02. Appendix B provides a summary of appropriations and expenditures for FY04 and FY03. The General Assembly appropriated a total of \$389,938,994 to the Department in FY04. Expenditures were \$318,043,721 in FY03, compared to \$313,824,605 in FY04, a decrease of \$4,219,116, or 1.3%.

## **REVIEW: 4226**

Approximately 51% of the Department's appropriations are from the General Revenue Fund, 23% from the Road Fund, and the remaining 26% from other funds. Expenditures from the General Revenue Fund decreased from \$183,448,403 in FY03, to \$176,731,408 in FY04, a decrease of \$6.7 million, or 3.7%. The decrease in expenditures was attributed primarily to many employees taking advantage of the FY03 Early Retirement Initiative and the limited approval to fill vacancies in FY04. Also, all non-union employees were mandated to pay the employee retirement contribution. The LEADS decrease was due to some salaries being paid from GRF. Federal projects expenditures were down due to the end of the COPS grant. The increase in expenditures from the Federal Asset Forfeiture fund was due to payments to reduce the DNA backlog. The Traffic and Criminal Conviction Surcharge Fund was new in FY04. Lapse period expenditures were almost \$14.9 million, or 4.7%, in FY04.

The State Police received bills from CMS for Efficiency Initiatives totaling \$4.7 million, including:

- \$2.8 million for procurement,
- \$182,000 for facilities management and legal services,
- \$1 million for information technology, and
- \$687,000 for vehicle fleet initiatives.

Making payments for efficiency initiative billings from improper line item appropriations was the basis for Finding No. 1.

### **Cash Receipts**

Appendix C provides a summary of the Department's cash receipts for FY04 and FY03. Total cash receipts were \$38.6 million as of June 30, 2004, compared to \$44.8 million as of June 30, 2003, a decrease of more than \$6.1 million, or 13.8%. The decrease in receipts is due primarily the Department cashing certificates of deposit, which were held locally, and depositing them into the State Treasury.

### **Accounts Receivable**

Appendix D summarizes the net accounts receivable of the Department at June 30, 2004 and 2003. Accounts receivable increased from about \$1.65 million at June 30, 2003 to \$2 million at June 30, 2004. Approximately \$195,000 receivables were over one year old at the end of FY04, and most of those have been declared uncollectible.

### **Property and Equipment**

Appendix E summarizes the changes in property and equipment. The beginning balance as of July 1, 2002 was \$237,337,375, and the ending balance was \$241,167,646 as of June 30, 2004, an increase of \$3,830,271, or 1.6%. Of the ending balance, approximately

## REVIEW: 4226

\$186,096,543 is in equipment and \$48,313,787 in buildings and building improvements, with the remainder in land and land improvements and capital lease assets.

### Accountants' Findings and Recommendations

Condensed below are the 11 findings and recommendations presented in the audit report. There were two repeated recommendations. The following recommendations are classified on the basis of information provided by Larry Trent, Director, Illinois State Police, via email received on July 8, 2005.

#### Accepted

- 1. Make payments for efficiency initiative billings from line item appropriations only where savings would be anticipated to occur. Further, seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise determined, and how savings achieved or anticipated impact the Department's budget.**

**Findings:** The Department made payments for efficiency initiative billings from improper line item appropriations. The Department received five FY04 billings totaling more than \$4.7 million from CMS for savings from initiatives as follows:

- procurement efficiency \$2,840,400.00
- information technology \$1,009,650.00
- vehicle fleet management \$686,970.00
- legal services contract \$111,205.50
- facilities management consolidation \$71,280.00

The Department did not receive guidance or documentation detailing from which line item appropriations savings were anticipated to occur. About the only guidance received was that \$4,388,255 of the payments should be taken from General Revenue Funds and \$148,765 should be from other funds.

The Department did question the \$111,205.50 savings billing, which referenced savings from a legal contract between the Department and a vendor. A GOMB official responded, "My understanding is that, as part of legal consolidation, CMS de-obligated the remainder of the legal contract ISP had previously maintained, and is billing ISP for the cost savings associated with this de-obligation." While the Department had not transferred any legal staff to CMS as part of the consolidation, and while the Department maintains its own in-house legal staff, the payment was processed to CMS.

The auditors specifically questioned whether the correct appropriations, as required by the State Finance Act, were used to pay for the anticipated savings in these and other instances:

## **REVIEW: 4226**

- The Department used \$54,000 from “Repairs and Maintenance and Permanent Improvements” for part of the procurement billing.
- The Department used \$278,100 from operation of auto equipment for part of the procurement billing. The Department used about 13% of the total appropriation for this payment and then required a \$1.6 million transfer to pay all of the automotive bills for the year.

**Response:** Accepted. The Department has requested from CMS information on the method by which efficiency savings were derived. Payments will only be made from those appropriation lines that will incur a savings.

**Updated Response:** Resolved. Payments are made only from those appropriation lines incurring savings.

## **2. Ensure all equipment is accurately and timely recorded on the property records. In addition, follow SAMS procedures for completing the Quarterly Report of State Property (C-15s) and the capital Asset Summary (Form SCO-538). (Repeated-2002)**

**Findings:** The Department did not maintain sufficient controls over the recording and reporting of State property. The auditors noted the following:

- Three of 25 equipment vouchers tested totaling \$90,551, and five of 25 additions tested totaling \$14,091 were not included on the Department’s inventory records within 30 days of acquisition. The items were added between 192 and 1,082 days late. Additionally, CDB transfers of approximately \$6.5 million were not entered on the property listing.
- Six of 75 equipment items observed were not located on the property listing.
- The Quarterly Reports of State Property (C-15) were inaccurate. Permanent improvements of approximately \$812,517 and \$305,235 during FY03 and FY04, respectively, were incorrectly recorded as transfers on the C-15s. Adjustments to existing tag numbers were also recorded as transfers instead of additions. Finally, the system for fixed asset reporting does not break down additions, deletions, and transfers between equipment, buildings, capital leases and construction in progress.
- CDB transfers of \$11.5 million were improperly classified as reconciling items on the SCO-537 and omitted from the “net Transfers” column on the Capital Assets Summary Form (SCO-38).

**Response:** Accepted. The Department will develop an action plan and assign responsibility for implementing the recommendation.

**Updated Response:** Corrective steps completed:

- The development and implementation of a program to identify all equipment vouchers needing to be added to the inventory listing. A monthly reconciliation is

**Accepted - continued**

## REVIEW: 4226

- being conducted between a report from the general ledger system listing vouchers paid out of equipment lines and vouchers entered into the inventory system. The monthly reconciliation also identifies those vouchers not received from the Vouchering Section.
- Capital Development Board (CDB) transfers have been added to the inventory listing.
- Another employee was trained as a backup for the administrative functions of the Department's inventory custodian. This will assist in reducing the time constraints being encountered.
- Department inventory system reports have been developed to classify additions, deletions, and transfers by category. This will allow the C-15 reports and the SCO-538 form to be completed accurately by category.

Steps to be taken:

- The Department needs to fill the full-time position dedicated to inventory management. Currently, the Property Control Unit does not have a full-time position dedicated to inventory management.

### **3. Ensure a supervisory review of telephone bills is performed and documented and telephone credit cards are cancelled timely. (Repeated-2002)**

**Findings:** The Department did not have adequate controls over telephone credit card cancellations and telephone bill reviews as follows:

- Seven of 25 terminated employee's telephone credit cards were cancelled between four and 965 days late.
- Three of 25 telecommunications vouchers tested did not display documentation of a supervisory review.

**Response:** Accepted. Due to the volume of telephone and credit card changes at the cost center and Communications Services Bureau levels, telephone credit card cancellations do not always occur in a timely manner.

Supervisors who are not routinely documenting their review of telecommunications vouchers will be identified and trained in proper procedures.

**Updated Response:** Supervisors and Telecommunications Coordinators who may not be reviewing the semi-annual credit card report have been identified. These individuals have been given additional information and clarification as to proper procedures regarding telephone credit card cancellations in an effort to provide ongoing training as needed.

**4. Require and maintain sufficient documentation to ensure expenditures are reasonable and necessary.**

**Findings:** The Department did not maintain adequate documentation to substantiate payments to a contractual employee. The Department employed a Legislative Consultant during FY04 and paid the contractual employee \$50,004, but did not formally monitor the employee's activities. The employee was not required to submit documentation of the number of hours worked or invoices or other supporting documentation of activities.

**Response:** Accepted. While the contractual employee cited in this finding was not required to submit documentation of the number of hours worked, invoices, or other supporting documentation of activities during the audit period, the employee was closely monitored by his immediate supervisor. During the audit period, the contractual employee reported to and took direction from the Chief of Governmental Affairs.

The Department will immediately require the contractual employee to submit weekly written reports to the Chief of Governmental Affairs summarizing the services performed by the employee for the Department.

**Updated Response:** Resolved. Governmental Affairs is requiring the contractual employee to complete time sheets documenting his work.

**5. Implement controls to ensure lump sum expenditures are accurate and correct the payroll errors noted. Conduct a thorough and timely supervisory review of the lump sum calculations prior to approval of the expenditures. Further, review all available options to collect the overpayment and correct underpayments that were made to departing employees.**

**Findings:** The Department did not accurately compute lump sum payments of accrued compensatory time to departing employees during the audit period. The auditors noted errors in the timekeeping system as follows:

- Four of 25 lump sum payments tested were incorrectly calculated resulting in underpayments totaling \$1,169 to three employees and an overpayment totaling \$2,609 to one employee.

**Response:** Accepted. Payroll staff will ensure time balances are verified with the work location before calculating lump sum pay-outs. Any discrepancies found will be updated in the system and appropriate documentation will be placed in file. A supervisory review will be performed to verify calculations of lump sum pay-outs are correct prior to processing them.

**Updated Response:** Resolved. Procedures have been put in place to ensure payouts are accurately calculated. Payroll staff verifies time balances with the work location before calculating lump sum pay-outs. Any discrepancies found are updated in the system and appropriate documentation is placed in file. A supervisory review is



**Accepted – continued**

performed to verify the calculations of the lump sum pay-outs are correct before processing them.

- 6. Comply with the requirements of the School Code by prescribing a form for school districts to report drug-related incidents and submit an annual statistical compilation to the State Board of Education or seek legislative remedy to this statutory requirement.**

**Findings:** The Department did not comply with certain requirements of the School Code. Superintendents or other appropriate administrative officers are required to report all verified drug-related incidents occurring in a school or on school property to local law enforcement authorities and to the Department in a form, manner and frequency set out by the Department.

- The Department did not prescribe the manner and frequency or form for school districts to report drug-related incidents.
- The Department did not send an annual statistical compilation and related data associated with drug-related incidents in schools to the State Board of Education.

Department officials stated previous efforts to implement this data capture and reporting system have been unsuccessful due to lack of headcount and funding.

**Response:** Accepted. The Department will meet with the State Board of Education to develop a mutually workable form, manner and frequency for reporting drug-related incidents to the Illinois State Police and to determine whether amendments to 105 ILCS 5/10-27.1B are advisable. The Department will maintain incidents reported by the school districts for compilation into an annual summary report to the State Board of Education.

**Update Response:** Following the audit finding, the Illinois State Police initiated discussions with the Illinois State Board of Education (ISBE). There are three mandates requiring the collection of incidents occurring in schools (drugs, firearms, and attacks against school personnel). On March 2, 2005, the Project Manager for the Department met with representatives of the ISBE to discuss a collaborative effort to collect the data. The Department is currently developing a draft electronic form for collection for schools to use. Once approved, the ISBE will post the form on their intranet site for entry, and the data will be able to be electronically exported to the Department.

Internally, the ISP staff met to gather the requirements of the data collection. On April 18, 2005, the ISP staff met with the ISBE web development staff in order to provide a rough draft of the requirements for this project. The ISP staff refined the data fields and values and provided the ISBE with data validation rules as well. A mock relational database was then designed to capture incidents occurring in schools and has been tested. A User's Guide is being developed with definitions and instructions for use of the application. It is estimated the system will be finished, tested, and operational by August 1, 2005.

**7. Ensure all system development projects and major modifications follow the Information System Development Methodology. Additionally, appropriate documentation should be maintained to certify compliance with the procedures.**

**Findings:** The Department did not ensure compliance with its Information System Development Methodology on three projects. The auditors reviewed three projects and found the following deficiencies:

- Project Plans were not completed,
- Phase Reviews were not conducted and approved,
- Testing Plans were not completed,
- Implementation Plans were not completed, and
- Post Implementation Reviews were not conducted.

Additionally, there were no indications of user or quality assurance review and approval.

**Response:** Accepted. The Information System Development Methodology was implemented in June 2002. Legislative and Department mandated deadlines for certain system-development projects made it impossible to follow the methodology while meeting the mandated project deadlines.

The Department intends to take the following action:

- Incorporate the new CMS/Accenture Project Management and information Systems Development templates into the Department's Information Systems Development Methodology and the related policy and procedure.
- Incorporate the Rapid Application Development approach to computer systems development as an alternative development method.
- Conduct staff training on the updated methodology.
- Monitor for compliance.

**Updated Response:** The ISP was directly involved with the creation of the Central Management Services (CMS) Project Management Tool Kit. This effort was ongoing for much of 2004. In February 2005, a committee was formed to review the Project Management and Application Development Methodologies, based on the knowledge gained from the Department's involvement in the creation of the CMS Project Management Methodology. This committee continues its work. In addition, an ISP employee has attended training sessions that are leading to a certification in project management by the Project Management Institute, a highly acclaimed, international organization that ensures certification in best practices in project management. In July, 2005, this employee will complete the certification testing procedure. This employee is the chair of the Project Management Methodology Committee and will apply the procedures and practices learned to the final product.

As of May 2005, the ISP's Project Management/Application Development (PMAD) Committee is rewriting the ISP Application Development Methodology. The ISP has identified a project, expected to begin in July 2005, to use as a test of the new Application Development Methodology.

**Accepted – continued**

- 8. Ensure all changes to computer systems follow the Change Control Procedures. Additionally, appropriate documentation should be maintained to certify compliance with the procedures.**

**Findings:** The Department has established Change Management Procedures and Work Request Procedures to monitor and control changes to the computer systems. The auditors reviewed 27 change requests, noting none had been completed in accordance with the Change Management Procedures. The auditors also noted the following:

- 10 of 27 change requests did not have corresponding work requests,
- 14 of 17 work requests were not completed in accordance with the Work Request Procedures,
- 3 of 17 work requests did not have corresponding change requests, and
- 8 of 27 change requests did not have a valid work request number assigned as required by procedures.

Additionally, two large projects requesting 300 and 1,000 person hours, followed the wrong set of procedures.

Management stated due to the loss of staff and specifically quality assurance staff, established procedures were not always followed.

**Response:** Accepted. The Department agrees, due to project timelines and workloads, it did not always follow established change management procedures. The Department has taken steps to remind employees every change request must have an associated work request.

The Department agrees all change requests should have an associated work request. However, the inverse is not always true. Some work requests do not result in a change to production and, therefore, will not have an associated change request. Some work requests will generate multiple change requests at different times. This is another legitimate instance in which there would not be a one-for-one relationship between work requests and change requests.

**Updated Response:** Resolved. The Department has taken steps to remind employees every change request must have an associated work request. The Department has also started tracking the work request number for change requests to identify any change requests not having an associated work request. This finding is considered resolved and subject to ongoing management controls to ensure compliance with the procedure.

- 9. Ensure the independent reviews of major new and major modifications to computer systems are performed. If the newly formed Illinois Office of Internal**

**Audit is to perform the reviews, then ensure the Office is informed of all major computer system development projects.**

**Findings:** The Department had significant computer system development activities: Kane County Project, Traffic Stop Study Project, and the FOID Card Processing Project. However, an independent review of computer system development projects or major modifications to computer systems was not performed as required by law.

**Response:** Accepted. The Department developed a proposed notification and involvement process with its internal audit unit prior to the absorption of the Department's auditors into the newly created Illinois Office of Internal Audit (IOIA).

The Department has met with IOIA to review this process for notifying internal auditors when major computer systems development projects are initiated and for notifying IOIA thereafter of significant project milestones. This process was adopted by IOIA and will permit their independent review throughout a project's life cycle.

**Updated Response:** Resolved. The IOIA is responsible for performing the independent reviews of computer systems. Following the audit finding, the ISP staff met with representatives of IOIA and established procedures for the involvement of IOIA with application development projects.

In June 2005, the ISP provided a listing of major projects that are anticipated over the next year. Also, the ISP provides IOIA with updates regarding projects in progress. There is ongoing communication between the ISP and the IOIA. Communication with the IOIA regarding application development projects is being incorporated in the ISP Application Development Methodology. The ISP has recently been notified of the planned system reviews for 2006 and 2007.

**10. Comply with the Illinois Administrative Code procedures and implement controls to ensure vouchers are approved within the required time frame. In addition, strengthen controls over procedures to identify all vouchers not paid within 60 days to ensure the proper amount of interest is paid. Additionally, only make payment for services rendered unless otherwise stipulated in terms of the vendor contract.**

**Findings:** The Department did not exercise adequate control over voucher processing as follows:

- Fifteen of 361 vouchers tested totaling \$768,177 were approved for payment from five to 121 days late.
- \$6,409 in interest was not paid on 15 of 36 vouchers tested.
- \$13,130 for two months of janitorial services was paid prior to services being rendered.

**Accepted – concluded**

**Response:** Accepted. The Department will put together a team to address this finding. An action plan will be developed, and responsibility for implementing the recommendation will be assigned.

**Updated Response:** Resolved. The first point of the finding is in reference to vouchers being approved for payment 5 to 121 days late. A system has been put in place to report on all vouchers 20 days and older. The status is checked on each voucher, and the reason for the delay is reported to the section manager. Additionally, the average days to process “vouchers without rejects” has been reduced. In the fourth quarter of calendar year 2004, the “average days” to process was 16. In the first quarter of calendar year 2005, the “average days” to process was 13. In the second quarter of calendar year 2005, the “average days” to process was 10. The vouchering section is working diligently to ensure vouchers are processed in a timely manner.

The second point of the finding is in reference to the Department not paying required interest under the State Prompt Payment Act. A system has been put in place to report on the status of all interest payments due. Payments due are tracked until the voucher is processed or a valid reason for nonpayment is filed with the vouchering section.

The third point of the finding is in reference to payments being made for services prior to them being rendered. The Department is not in the practice of making advance payments unless required by the terms of a contract. The vouchering section works diligently to ensure advance payments are not made. When vouchers are received for services not yet rendered, they are not processed until services are completed.

**11. Require Code employees assigned vehicles on an ongoing basis to complete and file the required annual certification and ensure employees are reporting personal use of State vehicles to the payroll section.**

**Findings:** The Department did not have adequate controls over vehicle assignments. The auditors noted the following:

- All four Code employees assigned a vehicle did not have the proper statement certifying that they were duly licensed and carried the required insurance.
- Two of the four employees tested who were assigned a State vehicle and allowed personal use for commuting purposes did not report their personal use and did not have the proper amounts withheld for payroll purposes.

**Response:** Accepted. The Department has developed e-mail notifications to each code employee who is assigned a Department vehicle. The annual notification will include a certification for licensure and insurance. Each affected employee will be required to complete and return the certification each year.

## **REVIEW: 4226**

The quarterly notification will include a form which must be completed and returned stating the number of days the Department vehicle was used for personal use. The appropriate amount of withholding will then be taken from the employee's pay.

**Updated Response:** Resolved. The quarterly and annual notifications are in place.

### **Emergency Purchases**

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage...prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY04 and FY03, the State Police filed five emergency purchase affidavits for the following items:

- \$575,000.00 for renovations at the Pawnee firing range;
- \$51,226.00 for sewer line repairs at District 10, Pesotum;
- \$118,441.72 for data entry into Criminal History database;
- \$71,787.60 for interim security service at the Chicago Forensics Center; and
- \$38,280.00 to remove lead from the Collinsville firing range.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. In July 2004, the Department reported that 1,030 employees spent the majority of their work time in locations other than their official headquarters.